TENNESSEE DEPARTMENT OF REVENUE

EDI ELECTRONIC FILING PROCEDURES GUIDE FOR SALES TAX

ELECTRONIC FILING OF SALES AND USE TAX RETURNS

♦ *INTRODUCTION TO EDI*

Electronic Data Interchange (EDI) is the electronic exchange of business documents from one company's computer to another company's computer in machine-processable, national standard data formats. The direct, computer-to-computer exchange of business information alleviates the expense associated with processing paper (opening envelopes, logging in of documents, etc.) as well as the costs, errors, and time delays associated with data entry. In EDI, the data is transmitted in a precisely structured format so that it is immediately machine-processable with little or no human intervention. Companies in industries of all kinds have found that EDI makes tremendous economic sense. It is only natural that the huge paper-intensive tax component of government also begins to realize the advantages of EDI.

♦ **ELECTRONIC FILING INSTRUCTIONS**

The EDI setup involves several steps, including selecting a certified software vendor or a certified Internet tax service provider, completing the registration process, establishing communications, performing a test of the chosen software and receiving acknowledgements.

1.   *Choosing A Vendor or Tax Service Provider*

It is the responsibility of the taxpayer to choose a software vendor or develop his or her own software to file returns electronically. The following is a list of software vendors that have been certified by the state of Tennessee as compliant:

Software Vendors

Deloitte & Touche	Contact:	Michael Lemons
	Phone:	(800) 966-1639
	Web site:	www.corptax.com
RIA	Contact:	Bob Irving
	Phone:	(972) 250-8439
	Web site:	www.riahome.com

Saxon Tax	Contact:	Tish Monroe
Software, Inc	Phone:	(800) 678-1789
	Web site:	www.saxtax.com

Trustfile	Contact:	Sales Division
	Phone:	(877) 222-0187
	Web site:	www.trustfile.com

Velosant LP/	Contact:	Sales Division
Financial Supply	Phone:	(877) VELOSANT
Chain Solutions	Web site:	www.velosant.com/products/taxware/
and Taxware		compliance.html
Technology		

Vertex, Inc.	Contact:	Keith Reiner
	Phone:	(610) 640-4200 ext 6155
	Web site:	www.vertexinc.com

Internet Tax Service Provider

CCH/Esalestax	Contact:	Sales Division
	Phone:	(800) 630-2218
	Web site:	www.salestax.com

2.   Completing the Registration Process

(A)   Each taxpayer that files sales tax returns electronically must have a Registration for Sales Tax Electronic Filing Application on file with the Tennessee Department of Revenue (TDOR).

(B)   NDC Global Payments (TDOR's electronic service provider) will assign a mailbox ID and password which will be forwarded to the taxpayer by TDOR. Once this has been established, the taxpayer can begin software testing. If an Internet tax service provider is chosen, a mailbox ID and password will not be assigned by TDOR.

(C)   Also, each taxpayer that pays sales taxes electronically **must** have an **Electronic Funds Transfer Agreement** on file with TDOR.

♦ REGISTRATION CONTACT PERSONNEL

Electronic Commerce Unit   **Tennessee Department of Revenue**
Statewide toll-free (866) 368-6374   **3rd Floor, Andrew Jackson Bldg.**
Nashville-area and out-of-state (615) 253-0704 **Nashville, TN 37242**

3. *Establishing Communications*

(A) **Hardware Requirements**
   In general, a participant can use any mainframe, minicomputer, or microcomputer
   as acceptable hardware, provided that it can meet the basic communications
   requirements of NDC Global Payments network.

(B) **Communication Requirements**
   The NDC network supports virtually any standard protocol, including the
   following:
     Asynchronous (interactive terminal access, XMODEM, YMODEM).
     Bisynchronous (2780 and 3780 protocols).
     Synchronous (SNA Logical Unit 0, SNA Logical Unit 2, SNA 6.2).

4. *Performing Software Test*

TDOR recommends all taxpayers test the new software. Each taxpayer should contact
TDOR before sending a test transmission (See Testing Contact Personnel). The test file
should be performed on a period that has already been filed on paper. After examining
the test, TDOR will contact the taxpayer with test results. Once error-free testing has
been achieved, the taxpayer is ready to begin sending EDI files.

♦ TESTING CONTACT PERSONNEL

Processing Unit   **(615) 532-5858**   **Tennessee Department of Revenue**
                    3rd Floor, Andrew Jackson Bldg.
                    Nashville, TN 37242

5. *Receiving Acknowledgements*

NDC will provide an ASCX12 997 Functional Acknowledgement for the taxpayer immediately following the receipt of a valid transmission. It is the responsibility of the taxpayer to ensure that acknowledgements have been received each month after filing the returns. The software vendor or Internet tax service provider should have instructions for retrieving acknowledgements and checking for errors. If there is an error, it is the burden of the taxpayer to contact technical support, find the error, make corrections and re-send the file.

♦ **OTHER OPTIONS**

Taxpayers may also file their sales and use tax returns online through the state of Tennessee's portal application. Taxpayers should complete a TennesseeAnytime subscriber agreement application, available at www.Tennessee.gov or by calling (615) 313-0300 or (866) 8TN-EGOV. Once the application has been completed and processed, a username and password will be issued to each qualifying applicant that will allow the taxpayer to file returns online. The username and password will give taxpayers access to the secure interface at www.Tennessee.gov. Taxpayers may submit payment using automatic deduction via electronic bank draft. Should taxpayers choose not to pay online at the time the return is filed, payment must be made via electronic funds transfer (EFT). If the return is filed before midnight on the day it is due, the return is considered timely. There is no fee associated with this particular application.

♦ **GENERAL INFORMATION**

Taxpayers who file electronically must also pay electronically. Those not currently paying taxes by electronic funds transfer (EFT) must contact the Electronic Commerce Unit (See Registration Contact Personnel) to set up for EFT payments.

Each software vendor or Internet tax service provider should offer the following filing and payment options:

❑ Filing only
❑ Filing and payment

If the filing only option is chosen, this will only initiate a transaction for the filing of the return. Any associated EFT payment will need to be initiated via the department's EFT program using either the ACH Credit or ACH Debit method.

To avoid late delivery of the return and payment and the associated penalty and interest, taxpayers must transmit to NDC by the following cutoff deadlines:

> If the taxpayer is submitting a filing and payment transaction, NDC must receive the file by 4:15 p.m. Eastern time on the business day prior to the due date.

> If the taxpayer is submitting a filing-only transaction, it must be received by 11:59 p.m. Eastern time on the due date.

Timely returns are based on the date of acceptance of the electronic tax return by NDC.